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NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

THIRTEENTH ANNUAL MARKETING RESEARCH STUDY OF HOUSEWARES MANUFACTURERS

1979

Research by
Bee Angell & Associates, Inc.

NHMA

Serving the Housewares Industry since 1938

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION
1324 Merchandise Mart • Chicago, Illinois 60654 • Telephones (312) 644-3333/644-6363

April, 1980

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NOT FOR PROFIT

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TO MEMBERS OF THE HOUSEWARES INDUSTRY:

The National Housewares Manufacturers Association is pleased to publish its Thirteenth Annual Marketing Research Study of Housewares Manufacturers.

This 1979 study surveyed the exhibitors in our January 1980 National Housewares Exposition, and was carried out for us by the independent market research firm of Bee Angell & Associates, Inc.

The NHMA research report for 1979 offers an authentic and valid marketing picture of today's dynamic American housewares industry. We sincerely hope it will prove a valuable marketing tool for all its members.

Additional copies are available upon written request.

NATIONAL HOUSEWARES MANUFACTURERS ASSOCIATION

Ron Fippinger

Ronald A. Fippinger, Managing Director

RAF:lc

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Bee Angell & Associates, Inc.
A Full-Service Organization For Marketing Research – Established 1943

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BACKGROUND AND PURPOSE

In 1967, the National Housewares Manufacturers Association began annual marketing research studies of housewares manufacturers by surveying exhibitors in its National Housewares Exposition. The purpose of these surveys has been to monitor and track sales and marketing trends.

METHOD

Due to the number, diversity and geographic dispersion of housewares manufacturers, it was determined that a self-administered mail questionnaire is the most effective means for obtaining the desired information.

The anonymity of the responses has been maintained by having the completed questionnaires returned for processing to the certified public accounting firm of Robbins, Baer & Baygood.

For the current study, questionnaires were sent to 1,806 exhibitors in the January 1980 NHMA National Housewares Exposition. The findings summarized in this report are based on the responses of 605 manufacturers, representing 33% of the exhibitors.

In our opinion, the rate of return and the sample size provide a reliable and valid profile of housewares manufacturers who are represented by the NHMA National Housewares Exposition.

Joseph S. Adler
President

HIGHLIGHTS OF THE FINDINGS

The following summary highlights those findings most pertinent to the research objectives and of greatest interest to the housewares industry.

- During 1979, housewares manufacturers' total dollar sales increased by 15.6% over the previous year, to $15,579,000,000. At this level, the industry outpaced the 11.3% rate of inflation for the same period.

- In 1979, 22% of the manufacturers of housewares reported sales of under $1,000,000. In turn, more than a third (37%) of the manufacturers reported that they expect their 1980 sales to exceed $5,000,000.

	Actual 1979	Expected for 1980
Under 1 million dollars	22%	17%
1-5 million dollars	45	46
Over 5 million dollars	33	37

- Manufacturers of Electric Housewares, while representing only 12% of the housewares manufacturers, accounted for 27% of housewares sales during 1979.

- Cook and Bakeware, while representing only 7% of the manufacturers, accounted for 14% of the industry's sales.

- Manufacturers' sales directly to retailers reached 74% of the industry's total dollar sales in 1979. Correspondingly, sales to wholesalers have decreased from 52% in 1966 to 26% in 1979.

- Of manufacturers' sales directly to retailers, 29% is accounted for by Mass Merchandisers. Sales to Department Stores and Catalog Storerooms represented 13% and 12% respectively.

- White, Brown and Blue were the most popular colors reported for Bath and Closet Accessories in 1979. The mention of Gold/Harvest Gold decreased significantly.

  The most dramatic increase has been in the mention of Almond for Kitchen Appliances & Accessories, cited as the most popular by 37% for 1979, and expected to be the most popular by 39% for 1980.

  The most popular colors for Outdoor Products & Accessories were Green, Brown and Yellow.

  The most popular colors for Serving & Buffet Products and Accessories were Brown, White and Almond.

- The majority (85%) of the manufacturers indicated that in 1979 they increased their prices by an average of 10.3%. Furthermore, practically all (95%) of the manufacturers reported that they expect to raise their prices in 1980.

  The most frequently given reasons for the anticipated price increases were "higher material costs" (70%) and "higher labor costs" (33%).

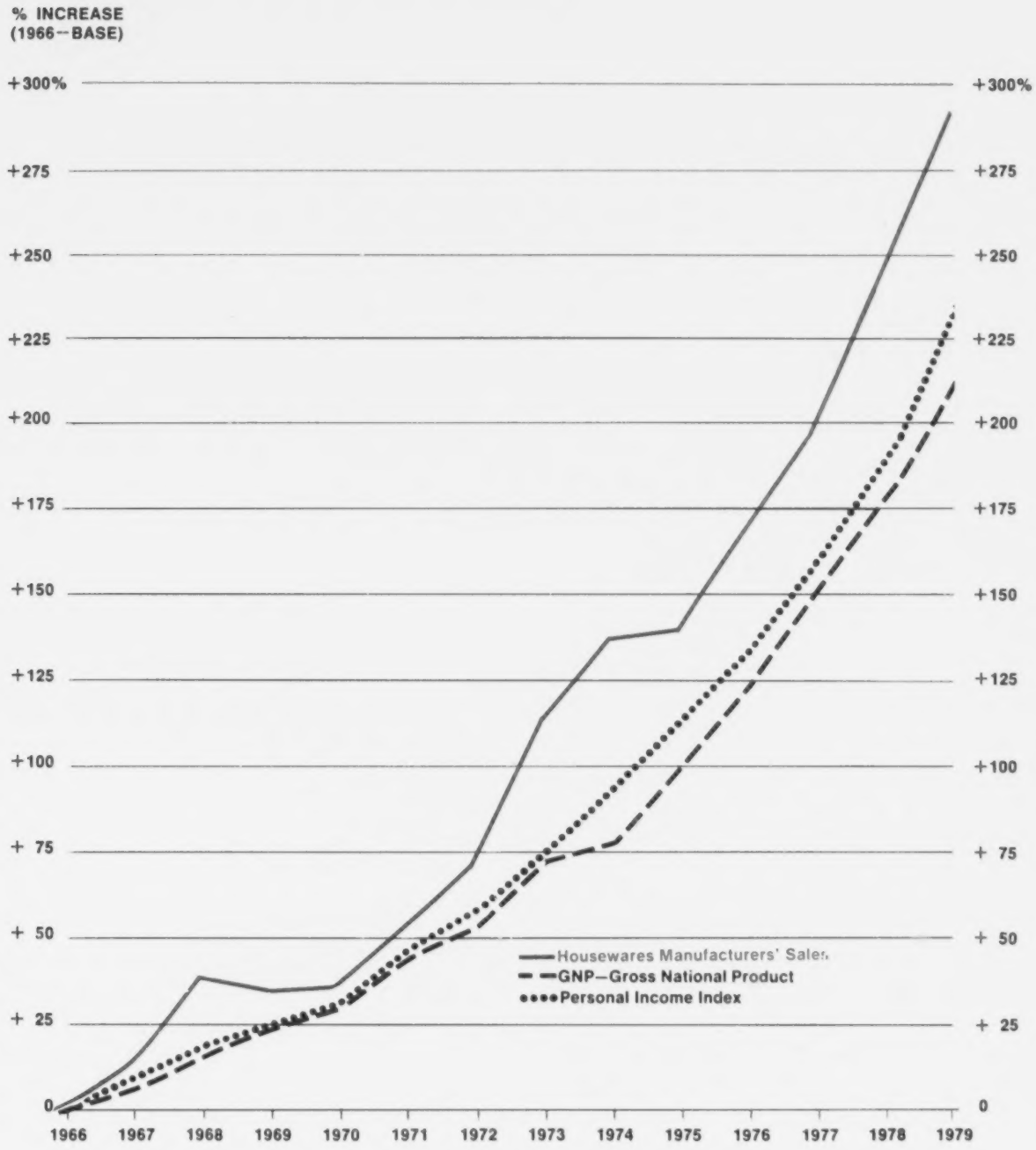
- According to the responding manufacturers, the majority of the industry's dollar sales volume (63%) is via manufacturers representatives. In fact, one out of three (33%) manufacturers reported that their sales are handled solely via manufacturers representatives.

- The manufacturers reported that in 1979, as in past years, 80% of their orders were filled immediately.

- In 1979, only 3% of the manufacturers reported that their accounts receivable are paid within 30 days. In turn, 27% reported "60 days or longer."

- The most significant changes expected to affect the housewares industry in the 1980's concerned "higher costs" (48%), "economic factors" (44%) and "changing consumer needs/demands" (22%).

PERCENT GROWTH IN HOUSEWARES MANUFACTURERS' SALES COMPARED TO THE GROSS NATIONAL PRODUCT AND TO THE PERSONAL INCOME INDEX



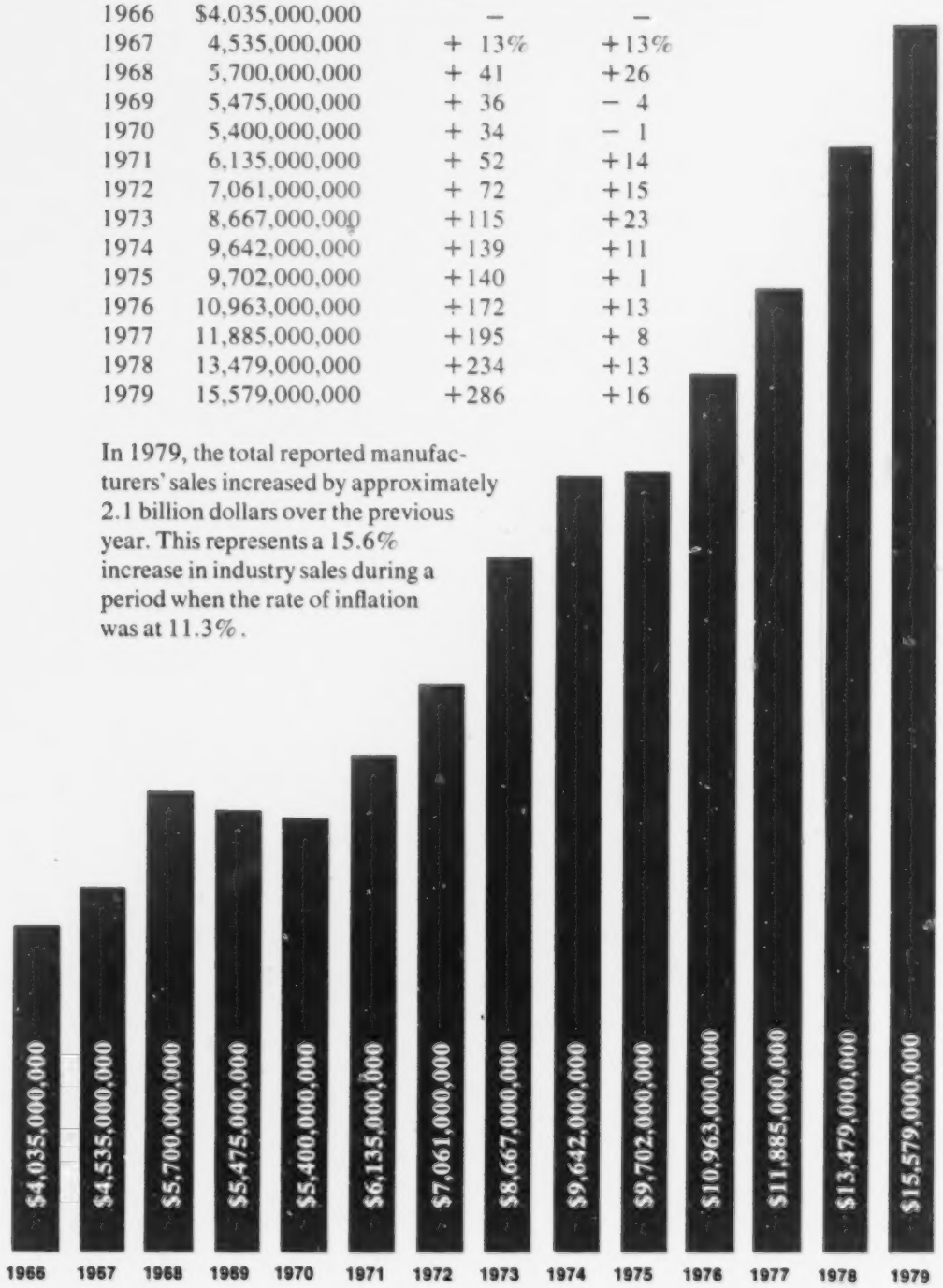
During the years 1966 through 1979, manufacturers' sales of housewares rose by 286%, from approximately 4 billion dollars a year to nearly 15.6 billion dollars. During that same period, the Gross National Product increased by 216%, while the Personal Income Index rose by 229%.

The comparison of the housewares industry's performance against these leading economic indicators demonstrates the sustained overall strength of the industry. Housewares manufacturers' sales continue to increase at a faster rate than both of these indexes.

INDUSTRY TRENDS—1966-1979
HOUSEWARES MANUFACTURERS' TOTAL DOLLAR SALES VOLUME

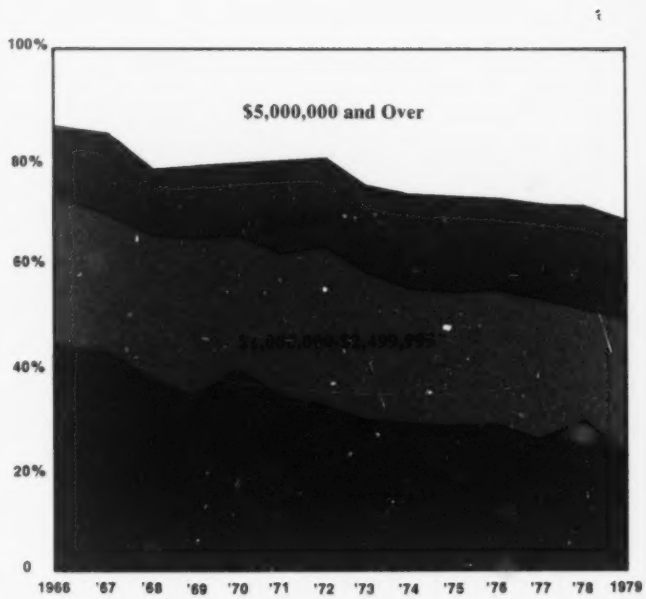
	SALES VOLUME	% INCREASE OVER 1966	CHANGE OVER PREVIOUS YEAR
1966	$4,035,000,000	—	—
1967	4,535,000,000	+ 13%	+13%
1968	5,700,000,000	+ 41	+26
1969	5,475,000,000	+ 36	− 4
1970	5,400,000,000	+ 34	− 1
1971	6,135,000,000	+ 52	+14
1972	7,061,000,000	+ 72	+15
1973	8,667,000,000	+115	+23
1974	9,642,000,000	+139	+11
1975	9,702,000,000	+140	+ 1
1976	10,963,000,000	+172	+13
1977	11,885,000,000	+195	+ 8
1978	13,479,000,000	+234	+13
1979	15,579,000,000	+286	+16

In 1979, the total reported manufacturers' sales increased by approximately 2.1 billion dollars over the previous year. This represents a 15.6% increase in industry sales during a period when the rate of inflation was at 11.3%.



SIZE OF HOUSEWARES MANUFACTURERS— BY DOLLAR SALES VOLUME

	Under $1,000,000	$1,000,000-$2,499,999	$2,500,000-$4,999,999	$5,000,000 and Over
1966	44%	29%	13%	14%
1967	42	27	14	17
1968	37	28	12	23
1969	33	31	14	22
1970	39	24	16	21
1971	35	26	18	21
1972	32	31	17	20
1973	29	28	16	27
1974	28	27	17	28
1975	27	26	20	27
1976	27	28	17	28
1977	25	28	18	29
1978	28	23	20	29
1979	22	27	18	33



In past reports, the proportion of housewares manufacturers based on dollar sales was presented in three size categories—"Under $500,000," "$500,000 to $2,500,000," and "Over $2,500,000." However, due to the continued decline in the number of small manufacturers, and the corresponding increase in the number of large manufacturers, beginning in the current report, the data is being presented in the four categories summarized above.

Accordingly, in 1979 only 22% of the manufacturers reported sales under $1,000,000. A third (33%) of the manufacturers reported sales of $5,000,000 and over.

SIZE OF HOUSEWARES MANUFACTURERS— BY DOLLAR SALES VOLUME

SALES VOLUME	Actual 1966		Actual 1979		Estimated 1980	
Under $1,000,000	44%		22%		17%	
$1,000,000-$2,499,999	29		27		26	
$2,500,000-$4,999,999	13	27%	18	51%	20	57%
$5,000,000 and Over	14		33		37	

In 1966, approximately a fourth (27%) of the houseware manufacturers reported sales in excess of $2,500,000. In 1979, 51% reported sales at a comparable level. In addition, another 6%—for a total of 57%—indicated that they expect their sales to exceed $2,500,000 in 1980.

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**CLASSIFICATION OF HOUSEWARES MANUFACTURERS–
BY PRODUCT CATEGORY**

PRODUCT CATEGORY	% OF RESPONDENTS 1966/67†	1979	Change
Electric Housewares	10%	12%	+2%
Decorative Accessories	3	11	+8
Outdoor Products & Accessories	8	9	+1
Serving & Buffet Products & Accessories*	13	9	−4
Cleaning Products & Accessories	10	7	−3
Cook & Bakeware	4	7	+3
Furniture	8	7	−1
Kitchen Tools & Gadgets	3	6	+3
Bath & Closet Accessories	9	6	−3
Plastic Ware	7	6	−1
All Other	25	20	−5
	100%	100%	

As indicated, the housewares industry has experienced significant growth over the years. This has been manifested in terms of both the number of manufacturers and their total dollar sales.

However, certain shifts in the composition of the industry have also been evident. While the proportion of manufacturers of Electric Housewares has remained essentially the same, both the number and the proportion of manufacturers of Decorative Accessories increased from 3% in 1966 to 11% in 1979.

**DISTRIBUTION OF HOUSEWARES MANUFACTURERS' SALES–
BY PRODUCT CATEGORY**

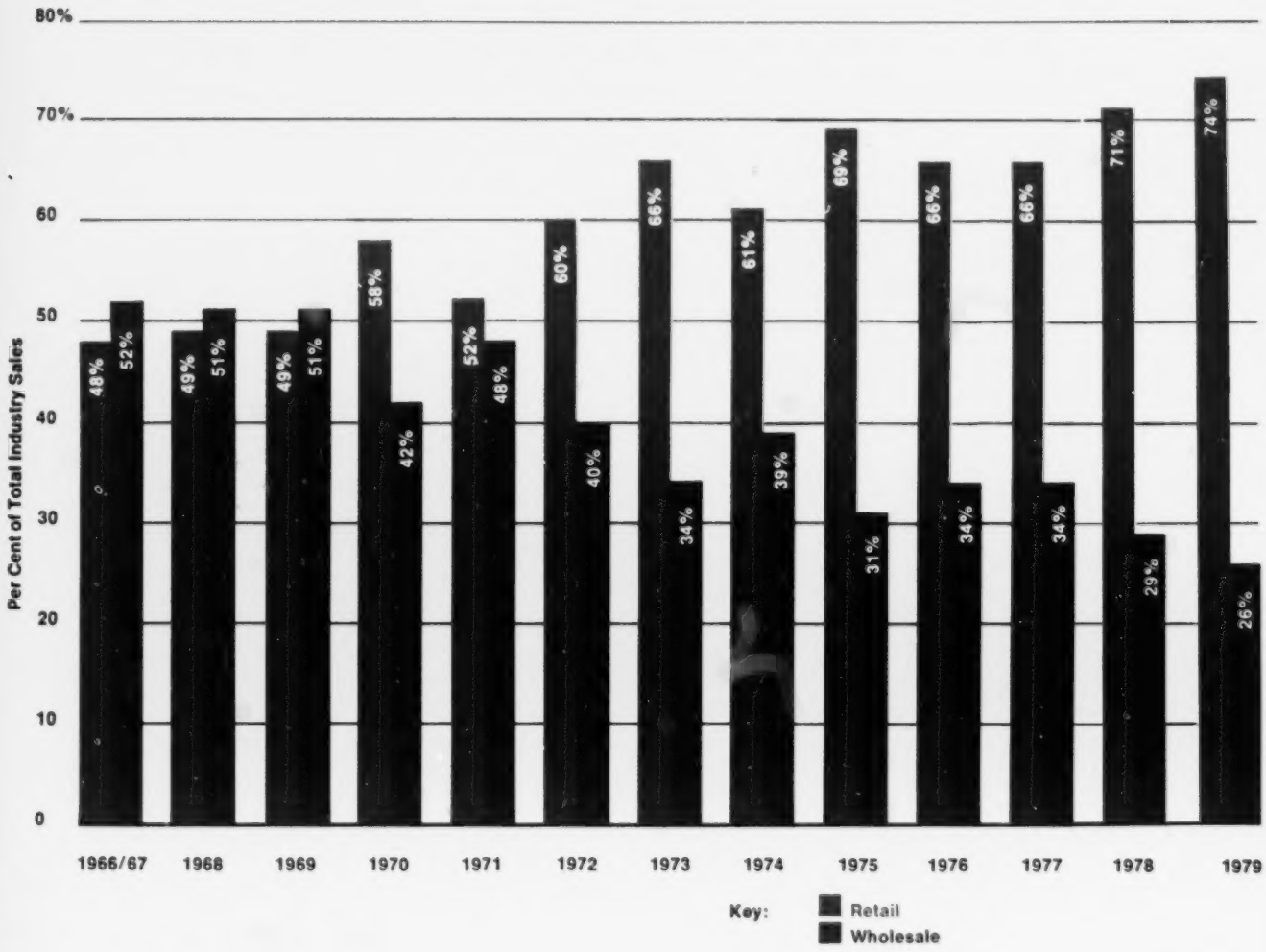
PRODUCT CATEGORY	% OF SALES 1966/67†	1979	Change
Electric Housewares	17%	27%	+10%
Cook & Bakeware	7	14	+ 7
Decorative Accessories	4	9	+ 5
Outdoor Products & Accessories	7	8	+ 1
Serving & Buffet Products & Accessories*	17	8	− 9
Plastic Ware	6	5	− 1
Cleaning Products & Accessories	8	5	− 3
Furniture	7	5	− 2
Kitchen Tools & Gadgets	3	4	+ 1
Bath & Closet Accessories	5	3	− 2
Fireplace Equipment & Accessories	2	1	− 1
All Other	17	11	− 6
	100%	100%	

In 1979, Electric Housewares represented 27% of the total industry dollar sales. Cook & Bakeware represented 14% of the industry sales.

In turn, sales of Serving & Buffet Products & Accessories, which in 1966 were approximately $686 million, were in excess of $1.2 billion in 1979.

*Includes Dinnerware, Cutlery and Flatware †Two-year average

RATIO OF HOUSEWARES MANUFACTURERS' SALES TO RETAIL VS. WHOLESALE OUTLETS



Consistent with the trend set over the previous years, almost three-fourths (74%) of the industry's sales in 1979 were to retail outlets. Correspondingly, sales to wholesale outlets reached the lowest level, at 26% in 1979.

RETAIL AND WHOLESALE OUTLETS
PERCENT OF TOTAL DOLLAR SALES
BY TYPE OF STORES†

RETAIL	% OF SALES TO RETAILERS 1979
Mass Merchandisers	29%
Department Stores	13
Catalog Showrooms	12
Drug Stores	10
Variety Stores	8
Housewares/Hardware Retailers	8
Food Stores	6
Mail Order	4
Home Centers	3
Appliance Retailers	2
Buying Syndicates	1
All Other	4
	100%

According to the respondents, 29% of sales to retail outlets in 1979 were to Mass Merchandisers. While the mention of sales to Department Stores has remained the same at 13%, the reported sales to Catalog Showrooms, at 12%, reached their highest level in 1979.

WHOLESALE	% OF SALES TO WHOLESALERS 1979
Housewares/Hardware Distributors	35%
Electric Housewares Distributors	21
Rack Jobbers	9
Premium Users	6
Club & Party Plans	4
Drug Distributors	4
Premium Distributors	4
Stamp Plan Suppliers	3
Jewelry Distributors	3
Variety Distributors	2
All Other	9
	100%

Housewares/Hardware Distributors and Electric Housewares Distributors represent more than half (56%) of the manufacturers' sales to wholesalers.

†As defined by respondents

1979/80 HOUSEWARES COLOR PREFERENCES BY PRODUCT CATEGORIES

BATH & CLOSET ACCESSORIES	Most Popular 1979	Expected for 1980
White	30%	27%
Brown	25	24
Blue	14	12
Yellow	7	6
Almond	5	8
Gold/Harvest Gold	5	6
Beige	4	5
Earth Tones	3	4
Pink	3	3
Rust	2	2
Metallics	1	2
Green	1	3
Red	1	2
All Others	5	10

KITCHEN APPLIANCES & ACCESSORIES	Most Popular 1979	Expected for 1980
Almond	37%	39%
White	23	23
Yellow	10	6
Brown	9	11
Gold/Harvest Gold	9	7
Beige	4	6
Earth Tones	2	2
Avocado	2	1
Green	2	2
Red	1	3
Natural	1	2
Black	1	1
All Others	7	8

NOTE: Since some manufacturers mentioned more than one color, each of the tables totals more than 100%.

OUTDOOR PRODUCTS & ACCESSORIES	Most Popular 1979	Expected for 1980
Green	19%	17%
Brown	16	17
Yellow	15	15
White	13	14
Black	9	7
Red	8	11
Orange	5	7
Earth Tones	3	5
Almond	3	3
Natural	2	2
Blue	2	2
Wood Tones	2	2
Gold/Harvest Gold	2	–
Beige	–	2
All Others	5	8

SERVING & BUFFET PRODUCTS & ACCESSORIES	Most Popular 1979	Expected for 1980
Brown	19%	13%
White	13	15
Almond	12	13
Yellow	9	9
Earth Tones	5	6
Natural	5	4
Green	5	2
Orange	5	–
Gold/Harvest Gold	4	4
Clear/Lucite	4	5
Beige	3	5
Chrome	3	3
Walnut	3	3
Wood Tones	3	1
Red	3	4
Silver	2	2
Avocado	2	1
Blue	1	4
Brass	1	3
All Others	6	7

In 1979, Blue replaced Gold/Harvest Gold as the third most popular color for Bath & Closet Accessories.

A similar decline for Gold/Harvest Gold was noted for Kitchen Appliances & Accessories. Preference for Almond was noted by more than a third (37%) of the manufacturers.

In Outdoor Products & Accessories, Green, Brown and Yellow were the most frequently cited colors.

While the popularity of Brown has declined for Serving & Buffet Products & Accessories, White and Almond have increased.

1979/80 HOUSEWARES PRICE INCREASES

AMOUNT OF PRICE INCREASE	% OF MANUFACTURERS Actual 1979		Expected for 1980	
Price Increases	85%		95%	
1-4%	3		2	
5%	5		7	
6-9%	32		28	
10%	23		27	
11-14%	10	43%	11	53%
15%	5		9	
Over 15%	5		6	
Amount of Increase Not Specified	2		5	
Average Increase	**10.3%**		**11.0%**	

In 1979, the trend toward higher prices reached the highest levels since these surveys have been initiated, with 85% reporting that they raised their prices an average of 10.3%. In addition, 95% indicated that they expect to raise their prices in 1980, at an average increase of 11%.

	1980	1979	1978	1977	1976	1975	1974
EXPECTED TO INCREASE PRICES	95%	85%	80%	79%	70%	51%	96%
REASONS FOR PRICE INCREASES							
Higher material costs	70	45	43	50	42	35	81
Higher labor costs	33	23	32	35	34	21	31
Higher overhead costs	19	7	3	2	5	2	3
Inflation	15	20	13	18	9	7	9
Higher freight costs	11	5	7	8	8	4	9
Devaluation of dollar/ Higher costs of imports	4	6	6	2	3	2	2
Packaging costs	1	1	1	1	2	1	1
NO PRICE INCREASES EXPECTED	5%	15%	20%	21%	30%	49%	4%

NOTE: Since some manufacturers mentioned more than one reason, the above table totals more than 100%.

The 95% who reported that they expect to raise their prices in 1980 was comparable to the 1974 level of 96%. The most frequently given reasons for the anticipated higher prices were "higher material costs" (70%) and "higher labor costs" (33%).

DISTRIBUTION OF 1979 DOLLAR SALES– BY SALES PERSONNEL

	% OF SALES
	1979
Manufacturers Representatives	63%
Own Direct Sales Personnel	34
Other	3
	100%

In 1979, 63% of total dollar sales were via Manufacturers Representatives.

INCIDENCE OF RELIANCE ON MANUFACTURERS REPRESENTATIVES AND/OR OWN SALES FORCE

	% OF MANUFACTURERS
Use Mfrs. Reps for 90-100% of Sales	33%
Use Mfrs. Reps for 67-89% of Sales	22
Use Mfrs. Reps as well as Own Sales Force	21
Use Own Sales Force for 67-89% of Sales	14
Use Own Sales Force for 90-100% of Sales	10
	100%

One third (33%) of the manufacturers reported that virtually all of their sales are via manufacturers representatives. In turn, only 10% rely solely on their own sales force.

DELIVERY OF ORDERS

% OF ORDERS FILLED IMMEDIATELY	% OF MANUFACTURERS						
	1979	1978	1977	1976	1975	1974	1973
Under 60%	14%	12%	15%	12%	15%	13%	21%
60-69	3	4	4	4	4	4	5
70-79	10	11	10	9	14	9	11
80-89	19	17	20	17	15	16	16
90-99	42	44	41	45	41	45	38
100	12	12	10	13	11	13	9
Average % of Orders Filled Immediately	**79.7%**	**80.8%**	**79.6%**	**82.9%**	**80.7%**	**81.6%**	**76.0%**

In 1979, as in previous years, approximately 80% of all orders were reportedly filled immediately.

ACCOUNTS RECEIVABLE

NUMBER OF DAYS ACCOUNTS RECEIVABLE ARE OUTSTANDING	% OF MANUFACTURERS						
	1979	1978	1977	1976	1975	1974	1973
0-14 Days	1%	1%	1%	1%	1%	1%	1%
15-29	2	3	2	3	4	3	2
30-44	23	22	30	29	23	16	26
45-59	47	43	41	40	45	48	40
60-74	22	22	19	22	20	24	21
75-89	2	5	2	1	2	2	4
90 or More	3	4	5	4	5	6	6
Average Number of Days Receivables are Outstanding	**50 days**	**54 days**	**52 days**	**52 days**	**53 days**	**55 days**	**53 days**

The average number of days accounts receivable were reported outstanding remained relatively stable, at an average of approximately 50 days.

MANUFACTURERS' EXPECTATIONS CONCERNING CHANGES LIKELY TO AFFECT THEIR BUSINESS IN THE 1980's

In this, the Thirteenth Annual Marketing Research Study of Housewares Manufacturers, the manufacturers were asked to indicate their impressions concerning the most significant changes likely to affect their business during the decade of the 1980's.

Concern over the impact of "higher costs" and related "economic factors" was most common. Almost half of the respondents cited "higher costs" (48%). Most prevalent among these were expressions of concern for the cost of "energy" (26%) and "materials" (17%).

Concern over "inflation" was the single most frequently cited (29%) significant change affecting business in the 1980's. In addition, 18% expressed concern over the impact of the "economic outlook/tight money."

Another change cited by the respondents was their increased awareness of "changing consumer needs" (24%). These changes were expressed in terms of increased demand for "value/quality" (11%), and a greater amount of "time spent at the home" (6%), which to some housewares manufacturers was seen as likely to increase demand for housewares products.

In addition, some of the manufacturers indicated that the decade of the 1980's will bring "increased production-related pressures" (19%), "changes in promotion/sales and marketing" (13%) and "changes in the competitive mix" (10%).

Overall, the manufacturers' expectations for the 1980's were characterized by a concern over "costs" and "inflation" on the one hand, and optimism for the industry on the other, due to a greater likelihood of a "home related orientation."

MANUFACTURERS EXPECTATIONS CONCERNING CHANGES LIKELY TO AFFECT THEIR BUSINESS IN THE 1980's

HIGHER COSTS	**48%**
Energy	26
Materials	17
Rising Costs/Rising Cost of Overhead	10
Freight/Shipping	9
Labor	5
ECONOMIC FACTORS	**44%**
Inflation	29
Economic Outlook/Tight Money	18
Maintaining Profit Margins	3
Devaluation of the Dollar	3
CHANGING CONSUMER NEEDS/DEMANDS	**24%**
Consumers Becoming More Value/Quality Conscious	11
More Consumer Time Spent at Home	6
Demographic Changes (Population Shift/More Working Women/Change in Family Size)	4
Changes in Distribution Patterns	4
More Knowledgeable Consumers	2
INCREASED PRODUCTION-RELATED PRESSURES	**19%**
Material Shortages/Availability/Delivery	9
Production Capacity/Meeting Supply and Demand/Expansion of Product Lines/Diversification	9
Maintenance of Proper Inventory Mix	4
CHANGES IN PROMOTION/SALES/MARKETING	**13%**
Increased Sales/New Customers	6
Increase in Catalog/Telephone/Mail-Order Business	3
Increased Cost of Sales Calls	3
Change in Promotional Approaches (TV, Cable TV, Trade Shows, Co-op Advertising)	2
CHANGES IN COMPETITIVE MIX	**10%**
Imports	4
Acquisitions of Smaller Companies by Larger Companies	4
Competition (Non-Specific)	3
Price Cutting	1
OTHER CHANGES	
Collection/Accounts Receivable	4
Changes in Technology (Computer)	2
World Crisis Awareness/Unrest	2
Increase Spending on Research and Development	2
All Other	4

NOTE: Since some manufacturers mentioned more than one problem, the above table totals more than 100%.

The following unedited sampling of a few of the comments provides additional insights into the attitudes and concerns expressed by the responding housewares manufacturers:

"As housing continues to be more expensive and room sizes shrink, space-saving, multi-use furnishings will become more important."

"There will undoubtedly be an ever-increasing trend to home food preparation. Cost of restaurant food will continue to increase; higher gasoline costs will result in a diminishing curve in fast food establishments. The trend toward more 'gourmet' food preparation will continue to rise."

"We see a trend toward more fancy cooking and the kitchen being an entertainment center."

"Increasing costs will continue to steer the consumer in the direction of quality merchandise and value."

"The growing unfavorable ratio of non-producers to producers, and its impact on productivity and taxes; high as the taxes will be, government will spend more, resulting in further inflation."

"Leisure time and working wives/females, ERA and recreational pursuits will impact unfavorably on house cleaning chores. New, easier-to-use products will be required to tempt homemakers."

"Because of our economy, an overall interest in baking and cooking at home."

"People will stay home more; and kitchenware use will go up, along with other home use items."

"More people staying home—increased use of home entertainment articles across the board."

"More companies then ever before will be usihg manufacturers representatives in order to reduce their selling costs."

"Dramatic raw material price increases will limit viability of certain items due to higher cost. Cost of money will place a strain on working capital, i.e. receivables collection time. Tremendously increased costs of capital equipment without acceleration of depreciation will constrain investment. Energy cost will change buying habits of customers."

"We expect to see a greater share of consumers spending more time at home due to increased inflation and energy costs, thereby increasing leisure activities and, hopefully, sales of outdoor products."

"Increase in home entertainment and broadened awareness of the kitchen as a primary focal point."

"People will spend more time at home. Need to make home life more pleasurable and simpler. Items that may appear to still be luxury, i.e., Betamax, Food Processors, Microwaves . . . will be found in the average home."

"Return to basics—less fancy frills—fewer new products."

"Trend to decorate houses more, which is part of the money saved by going out less and being more careful with their money."

"INFLATION! We're faced with a near feeling of hopelessness as all of our suppliers raise prices faster than we can adjust. Not just raw materials, but all paper products, freight, new tooling, repair items—simply out of control. 50¢ gadgets now selling for $1.79-$1.99 retail, and no end in sight!"

"People will travel less and spend more time at home. This will increase sales of houseware and home improvement items."

"The consumer's increasing search for, and knowledge of, value—not price per se. In the good, better, best world of merchandising, the trend will be to better and best, provided we as manufacturers can prove the value is there to an increasingly sophisticated and knowledgeable buying public."

"Values of consumer will change from pride of ownership in cars and other related items, to pride of the home, which will be a boost to housewares. The market of the '80's will be great for the housewares business."

"There will have to be a shakeout in products, marketers and retailers, because of rampaging increases in materials (and other costs). Efficiency will become the name of the game."

"Consumers reducing their monthly payments on large purchases, such as homes, autos and major appliances; thus giving them more pocket money for our products."

"Energy costs and the resulting consumer interest in conservation should provide new sales opportunities. Changing *demographics*, particularly more working women, and changing life patterns relating to the maturation of the 18 to 34-year-old market segment. Continuing pressures of inflation and resulting consumer emphasis in quality and value."

"Cost *per sales call* (development of new customer); the 'cold' call is now too expensive."

"New product development—ideas implemented and the related cost; it is expensive now to gamble on new ideas, products or packaging."

"Changing lifestyles and decrease in real after-tax income of consumers, due to inflation and declining productivity."

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